

By: Carona

S.B. No. 1125

A BILL TO BE ENTITLED

AN ACT

relating to energy efficiency goals and programs and the participation of loads in certain energy markets.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.905, Utilities Code, is amended by amending Subsections (a) and (b) and adding Subsection (h) to read as follows:

(a) It is the goal of the legislature that:

(1) electric utilities will administer energy efficiency incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services;

(2) all customers, in all customer classes, will have a choice of and access to energy efficiency alternatives and other choices from the market that allow each customer to reduce energy consumption, peak demand, or energy costs;

(3) each electric utility annually will provide, through a cost-effective portfolio of market-based standard offer programs or through limited, targeted, market-transformation programs, incentives sufficient for retail electric providers and competitive energy service providers to acquire additional ~~[cost-effective]~~ energy efficiency for the utility's ~~[residential and commercial]~~ customers, other than customers who operate a transmission-level voltage facility, equivalent to at least

1 one-half of one~~+~~

2 [~~(A) 10~~] percent of the electric utility's peak
3 [annual growth in] demand, not including demand from
4 transmission-level industrial facilities, [of residential and
5 commercial customers] by January 1, 2013 [~~December 31, 2007,~~

6 [~~(B) 15 percent of the electric utility's annual~~
7 ~~growth in demand of residential and commercial customers by~~
8 ~~December 31, 2008, provided that the electric utility's program~~
9 ~~expenditures for 2008 funding may not be greater than 75 percent~~
10 ~~above the utility's program budget for 2007 for residential and~~
11 ~~commercial customers, as included in the April 1, 2006, filing, and~~

12 [~~(C) 20 percent of the electric utility's annual~~
13 ~~growth in demand of residential and commercial customers by~~
14 ~~December 31, 2009, provided that the electric utility's program~~
15 ~~expenditures for 2009 funding may not be greater than 150 percent~~
16 ~~above the utility's program budget for 2007 for residential and~~
17 ~~commercial customers, as included in the April 1, 2006, filing];~~

18 (4) each electric utility in the ERCOT region shall
19 use its best efforts to encourage and facilitate the involvement of
20 the region's retail electric providers in the delivery of
21 efficiency programs and demand response programs under this
22 section;

23 (5) retail electric providers in the ERCOT region, and
24 electric utilities outside of the ERCOT region, shall provide
25 customers with energy efficiency educational materials; ~~and~~

26 (6) notwithstanding Subsection (a)(3), electric
27 utilities shall continue to make available, at 2007 funding and

1 participation levels, any load management standard offer programs
2 developed for industrial customers and implemented prior to May 1,
3 2007; and

4 (7) electric utilities may communicate with and
5 provide rebate or incentive funds to their customers to promote or
6 facilitate the success of programs implemented under this section.

7 (b) The commission shall provide oversight and adopt rules
8 and procedures to ensure that the utilities can achieve the goal of
9 this section, including:

10 (1) establishing an energy efficiency cost recovery
11 factor for ensuring timely and reasonable cost recovery for utility
12 expenditures made to satisfy the goal of this section;

13 (2) establishing an incentive under Section 36.204 to
14 reward utilities administering programs under this section that
15 exceed the minimum goals established by this section;

16 (3) providing a utility that is unable to establish an
17 energy efficiency cost recovery factor in a timely manner due to a
18 rate freeze with a mechanism to enable the utility to:

19 (A) defer the costs of complying with this
20 section; and

21 (B) recover the deferred costs through an energy
22 efficiency cost recovery factor on the expiration of the rate
23 freeze period;

24 (4) ensuring that the costs associated with programs
25 provided under this section are borne by the customer classes that
26 receive the services under the programs; ~~and~~

27 (5) ensuring the program rules encourage the value of

1 the incentives to be passed on to the end-use customer;

2 (6) ensuring that programs are evaluated, measured,
3 and verified using a framework established by the commission that
4 promotes effective program design and consistent and streamlined
5 reporting; and

6 (7) ensuring that an independent organization
7 certified under Section 39.151 allows load participation in all
8 energy markets for residential, commercial, and industrial
9 customer classes, either directly or through aggregators of retail
10 customers, to increase market efficiency, competition, and
11 customer benefits.

12 (h) The commission shall develop a standard disclosure form
13 and require an energy efficiency provider to use the form to help
14 consumers make better informed decisions regarding energy
15 efficiency investments. The form must include disclosures
16 regarding:

17 (1) the full scope of incentives that are available to
18 the consumer for the energy efficiency measure the consumer is
19 considering, including all utility, city, county, state, and
20 national incentives;

21 (2) the value of any incentives used to reduce the
22 costs of products or services offered passed on to the energy
23 service provider marketing its energy efficiency program;

24 (3) other related energy efficiency incentives that
25 are available to the consumer; and

26 (4) the consumer's estimated energy savings and
27 payback period.

1 SECTION 2. Section 39.905(b-2), Utilities Code, is
2 repealed.

3 SECTION 3. (a) The Public Utility Commission of Texas shall
4 conduct a study to determine:

5 (1) the effect of including avoided transmission and
6 distribution capacity costs as a factor included in an analysis
7 used to determine whether programs are cost-effective;

8 (2) the appropriate cost of energy to be included as a
9 factor included in an analysis used to determine whether programs
10 are cost-effective;

11 (3) how the reductions in energy demand and energy
12 consumption provided by energy efficiency programs affect the
13 market clearing price in ERCOT for the balancing energy market
14 during peak and nonpeak periods; and

15 (4) ways to include the associated changes in energy
16 prices due to the effect of energy efficiency programs, as found
17 under Subdivision (3) of this subsection, as a factor included in an
18 analysis used to determine whether a program is cost-effective.

19 (b) The commission shall report its findings from the study
20 conducted under this section to the legislature not later than
21 September 1, 2012.

22 SECTION 4. This Act takes effect September 1, 2011.